



SOCIAL SECURITY

Informational Release

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1985 SOCIAL SECURITY WITHHOLDING RATE

The social security employee withholding rate for 1985, effective with all wages paid January 1, is 7.05% (.0705). The employer social security contribution rate is also 7.05% (.0705).

INCREASE IN THE EARNINGS BASE FOR 1985

The contribution and benefit base for 1985 will increase to \$39,600 effective January 1, 1985. This is the maximum amount of annual earnings that is both subject to Social Security contributions and creditable toward Social Security benefits. The contributions and benefit base serves two purposes:

- (1) It is the maximum annual amount of earnings on which Social Security contributions are paid.
- (2) It is the maximum annual amount used in figuring a person's Social Security benefits.

OTHER CHANGES EFFECTIVE JANUARY 1, 1985

The following changes also become effective with January 1, 1985:

- A. The amount of wages required for a quarter of coverage will increase to \$410.
- B. The maximum amount a Social Security retiree aged 65 through 69 may earn without any reduction in benefits has been increased to \$7,320, (\$610 per month).
- C. The exempt amount of earnings for retirees under age 65 is \$5,400, (\$450 per month).
- D. The earnings test does not apply after a retiree attains age 70.

REFER ALL INQUIRIES TO PERS ONLY

(Do not contact local social security office)